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June 21, 2013

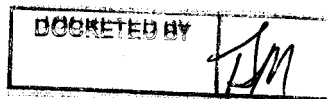
Jeffrey W. Crockett
Attorney at Law
602.382.4062 tel
480.428.6076 fax
jcrockett@bhfs.com

Arizona Corporation Commission
DOCKETED

JUN 21 2013

HAND-DELIVERED

Steve Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007



**Re: Johnson Utilities, L.L.C.: Compliance with Decision 65840
Notices of Violation from ADEQ dated May 30, 2013
ADEQ Case ID: 140548 (Santan Water Reclamation Plant, Place ID 18584)
ADEQ Case ID: 140757 (Johnson Utilities Company, Place ID 114360)
(Consolidated Docket Nos. WS-02987A-99-0583; WS-02987A-00-0618; W-02234A-00-0371; W-02859A-00-0774; and W-01395A-00-0784)**

Dear Mr. Olea:

In a letter dated June 5, 2013, Johnson Utilities, L.L.C., ("Johnson Utilities" or the "Company") provided you with copies of the above-referenced Notices of Violation ("NOVs") issued by the Arizona Department of Environmental Quality ("ADEQ") dated May 30, 2013. In accordance with the requirements of Decision 65840, enclosed are copies of: (i) a letter from Johnson Utilities to ADEQ dated June 20, 2013, pertaining to NOV 140548, a copy of which is attached here to as Attachment 1; (ii) a letter from Johnson Utilities to ADEQ dated June 4, 2013, pertaining to NOV 140757, a copy of which is attached here to as Attachment 2; and (iii) a letter from Johnson Utilities to ADEQ dated June 20, 2013, pertaining to NOV 140757, a copy of which is attached here to as Attachment 3. Johnson Utilities will continue to timely respond to all response deadlines contained in the documenting compliance sections of the two NOVs and will provide such responses to you in accordance with Decision 65840.

Should you have any questions regarding the status of these NOVs, please do not hesitate to contact the Company or me.

Sincerely,

Jeffrey W. Crockett

JWC:jp
Enclosure
cc w/enclosure: Docket Control (14 copies)
Brian Bozzo, Compliance Manager
Greg Brown
Daniel Hodges

014676\0005\10485171.1

One East Washington Street, Suite 2400
Phoenix, AZ 85004
main 602.382.4040

Attachment 1

JOHNSON UTILITIES, L.L.C.

5230 East Shea Boulevard, Suite 200 * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

June 20, 2013

Gregory Frech
Water Quality Utility Field Service Unit
Arizona Department of Environmental Quality
1110 W Washington St., MC: 5415B-1
Phoenix, AZ 85007

Re: Notice of Violation, Case ID #: 1140548

Dear Mr. Frech:

Johnson Utilities, L.L.C. (JU) is responding to the Arizona Department of Environmental Quality's (ADEQ) Notice of Violation (NOV), Case ID #:140548, dated May 30, 2013. Section II, Documenting Compliance, contains three compliance items. Two are due by June 30, 2013, within 30 days. One is due by August 29, 2013, within 90 days. Our response to the compliance items are provided below.

1. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or for each parameter with a deviation from the permit limit as alleged in this Notice, a description of the measures that have been or will be taken to resolve the alleged violation.

Date Due: June 30, 2013.

Response: As we reported previously, after a power outage on Friday evening, May 10, 2013, the San Tan water reclamation plant experienced an upset when two variable frequency drives (VFDs) failed to restart when power was restored. This event lead to bulking MLSS that resulted in a discharge of effluent that exceeded the turbidity limits. This event should have been corrected on Saturday by the weekend employee, but unfortunately the employee failed to do so. This employee has been dismissed by JU and is no longer working for JU. On Monday, May 13, 2012, the weekday operator found the plant in an upset mode and diverted the flow from the San Tan HOA pond to the onsite recharge facility. The blowers were manually reset, and the plant returned to its normal operating condition.

The VFDs that did not restart were programed on Tuesday, May 14, 2013, to reset automatically after power is restored. JU tested the VFDs by turning the electric power off and on to ensure that the VFDs would restart automatically. When power was restored, all the blowers started automatically. Additionally, a supervisory control and data acquisition (SCADA) system is being installed to alert staff in the event of a power failure in the future. The influent SCADA system is complete which includes a power failure alarm. Installation of the entire SCADA system is expected to be completed by the

middle of July.

2. Within 90 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or an updated version of either the O&M manual, the Emergency Response Plan, or the Contingency Plan which provides work instructions for operators to perform the following: 1) how to reapply power after a power failure. 2) a description of which unit processes or other items which need to be restarted after electrical power is restored. 3) details on how to restore unit processes when power has been re-applied.

Date Due: August 28, 2013.

Response: 1) Upon a power failure, emergency power generators automatically begin supplying electrical power to the plant. When electrical service is reestablished, the generators automatically stop. There is no action necessary by an operator to reapply power. 2) All units at the plant restart automatically after a power failure when power is resupplied. The VFDs that failed to restart now have been programed to automatically restart. JU discovered that the company that installed these VFDs had left them on the original factory setting for manual restart instead of programming them for automatic restart. 3) All unit processes are automatically returned to service after a power outage. To ensure that units have restarted are a power outage, JU has added part M. Electrical Outage, to the Contingency Plan, Section VII. Equipment Failure Operation. A copy of the revised page is attached.

The San Tan WRP Contingency & Emergency Response Plan, Revised March 2012, was followed when the operator arrived on Monday morning, May 13, 2013. The operator determined that there was a "Discharge of treated effluent that might cause exceedances of Aquifer Water Quality Standards". In accordance with the plan, the following steps must be taken:

- Stop the accidental discharge, spill, leak, overland or underground flow.
- Take corrective actions to prevent the occurrence from recurring.
- Initiate appropriate sampling; investigate magnitude of the accidental discharge, and record information on exposed persons.
- Notify the appropriate parties at the WRP, Johnson Utilities, and ADEQ
- Remove and legally dispose of contaminated materials.

The operator did stop the accidental discharge and took corrective action by starting the blowers. No other equipment was found offline. The operator notified his supervisor in accordance with the plan. ADEQ was also notified by JU on May 13, 2013 in accordance

with the plan.

On May 13, 2013, JU initiated an investigation as follows:

- 1) Reviewed security tapes that showed the electrical outage on Friday night.
- 2) Discussed the incident with the weekend employee.
- 3) Hired electrician to investigate why the blowers failed to restart.
- 4) Reviewed plant operating data.

In accordance with the plan, the following corrective actions were taken:

- 1) Closed outfall to San Tan HOA pond –directed flow to onsite recharge facility.
 - 2) Drained the pond by pumping the turbid water to the San Tan WRP for treatment.
 - 3) Programed the two new VFDs to start automatically after a power failure.
 - 4) Terminated the responsible employee on Tuesday, May 14, 2013.
 - 5) Installing a SCADA system for an additional level of notification in the event of a power outage.
3. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation to demonstrate the measures that will be taken to prevent unauthorized discharges resulting from failure or bypassing of the BADCT pollutant control technologies.
- Date Due: June 30, 2013.**

Response: The measures taken as described in Items 1 and 2 above have been taken to prevent unauthorized discharges resulting from a power failure. The plant is designed with no bypass around any pollutant control technology.

If you have any questions or comments, please contact me at (480) 998-3300.

Sincerely,



Gregory H. Brown, P.E.
Director of Engineering

Enclosure: Revised page 13, Contingency & Emergency Response Plan

I. AEROBIC DIGESTERS

There will be four aerobic digesters at build-out. The plant's peaking capacity will allow the operation of the plant with any aerobic digester taken out of service. The plant is designed to replace air diffusers without taking the basins out of service.

J. AERATION BLOWERS

There are three aeration blowers for phase 1 and five at build out, a failure of one does not present a problem during normal operation. In the event of a failure of a blower, the operator shall follow the directions provided in the PLC Process Control Operation Instruction manual to operate the plant with one blower out of service or manually if more than one blower is out of service. Repair and maintenance of the blower shall be in accordance with the manufacture's operation and maintenance manual. In the event of a failure, the repair of the failed blower will be a priority for plant personnel.

K. FILTER PRESS

Operation of the belt press will remove excess water from the relatively dilute waste sludge to form a solid material cake suitable for landfill disposal. During dewatering operations, diluted liquid sludge is pumped from the aerobic digesters to a single belt filter press where excess water is filtered out as it travels through a series of compression rollers. A chemical additive (Polymer) is injected into the liquid sludge stream as it travels to the press to assist in the agglomeration of solid particles and improve the release of excess water. The solid cake formed by the press is conveyed to roll off containers that are periodically transported by truck to a landfill for disposal. The biosolids will meet the Federal 503 regulations for landfill disposal.

L. EFFLUENT PUMP STATION

The effluent pumps will be controlled automatically based on the wet well level. As the effluent water level rises, pumps will turn on, and as the wet well level falls the pumps will turn off. Two pumps will be provided in the wet well. One is required for the maximum monthly flow and the second is a standby in the event of one pump failing. Each of the four phases will have a primary pump and a standby pump.

M. ELECTRICAL OUTAGE

If an electrical outage occurs, the emergency generators will start and power the plant. During periods of occupancy, the operator will inspect all equipment to ensure the equipment did restart. The plant is designed to have all components restart after an electrical outage. The operator will also inspect all equipment after the power is restored. During unoccupied periods, the SCADA system will send an alarm. The on call employee will direct an operator to the plant to ensure all components restarted after the power is restored.

Attachment 2

JOHNSON UTILITIES, L.L.C.

5230 East Shea Boulevard, Suite 200 * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

June 4, 2013

Gregory Frech
Water Quality Utility Field Service Unit
Arizona Department of Environmental Quality
1110 W Washington St., MC: 5415B-1
Phoenix, AZ 85007

Re: Notice of Violation, Case ID #: 1140757

Dear Mr. Frech:

Johnson Utilities, L.L.C. (JU) is responding to the Arizona Department of Environmental Quality's (ADEQ) Notice of Violation (NOV), Case ID #:140757, dated May 30, 2013. The NOV alleges failure to comply with A.A.C. R18-11-303(B)(1)(a) and (b). Section II, Documenting Compliance, Item 1 requires a response within 5 calendar days of receipt of the NOV. JU received the NOV via email on Friday, May 31, 2013. Our response to Item 1 is provided below.

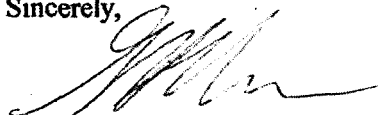
1. Within 5 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation that Johnson Utilities San Tan WRP will cease to provide reclaimed water to the San Tan Heights HOA and Johnson Ranch Golf Course until the Johnson Utilities San Tan WRP can produce Class A+ reclaimed water.

Date Due: June 5, 2013.

Response: Johnson Utilities provides only Class A+ water to the San Tan Heights HOA and Johnson Ranch Golf Course. JU does not provide any reclaimed water to the San Tan Heights HOA and Johnson Ranch Golf Course if Class A+ water cannot be provided. However, as we reported previously, after a power outage on Friday evening, May 10, 2013, the San Tan water reclamation plant experienced an upset when two VFDs failed to restart when power was restored. This event lead to bulking MLSS that resulted in a discharge of effluent that exceeded the turbidity limits. This event should have been corrected on Saturday by the weekend employee, but unfortunately the employee failed to do so. This employee has been dismissed by JU and is no longer working for JU. On Monday, May 13, 2012, the weekday operator found the plant in an upset mode and diverted the flow from the San Tan HOA pond to the onsite recharge facility. The blowers were manually reset and the plant started to return to its normal operating condition. Attached are the 2nd quarter SMRF pages for maximum turbidity and daily average turbidity. The data documents the plant's return to normal operation. Reclaimed water is currently being delivered to the Johnson Ranch Golf Course and recharge facility.

If you have any questions or comments, please contact me at (480) 998-3300.

Sincerely,



Gregory H. Brown, P.E.
Director of Engineering

Attachments: Johnson Utilities, 2nd Quarter SMRF, Pages 7 and 9

Facility Name:	<u>SANTAN WATER RECLAMATION PLANT</u>	Latitude:	<u>33 11 6</u>	Place ID:	18584
Contact:	<u>Rod Spencer</u>	Longitude:	<u>111 35 37</u>	LTF#:	43235
Address:	<u>2601 WEST HUNT HIGHWAY</u>	Section:	<u>12</u>	Inv. #:	
		Township:	<u>3</u>	Lab ID:	AZ 0004
		Range:	<u>7</u>	Lab Name:	Legend
		Quarter:	<u>B</u>		
	<u>QUEEN CREEK, AZ. 85242</u>			41369	
				2nd. Quarter	2013

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Facility Name:	<u>SANTAN WATER RECLAMATION PLANT</u>	Latitude:	<u>33 11 6</u>	Place ID:	18584
Contact:	<u>Rod Spencer</u>	Longitude:	<u>111 35 3</u>	LTF#:	43235
Address:	<u>2601 WEST HUNT HIGHWAY</u>	Section:	<u>12</u>	Inv. #:	
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		Range:	<u>7</u>	Lab Name:	Legend
		Quarter:	<u>B</u>		
	<u>QUEEN CREEK, AZ. 85242</u>			41369	
				2nd. Quarter	2013

Monitoring Point ID: 114123 Monitoring Name: SAN TAN W.R.P. - RECLAIMED WTR - CLASS A+
Sampling/Reporting Frequencies: Daily Monitoring / QUARTERLY

STORET: DAAVG Permit Limit: AL: N/A DL: 2 AQL: N/A Min: MAX:
DAILY AVERAGE TURBIDITY Method: Units: NTU

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
01	4/1/13	1.407		5/1/13	0.739		6/1/13	0.609
02	4/2/13	1.900		5/2/13	0.696		6/2/13	0.677
03	4/3/13	1.450		5/3/13	0.592		6/3/13	0.715
04	4/4/13	1.394		5/4/13	0.569		6/4/13	0.650
05	4/5/13	1.568		5/5/13	0.508		6/5/13	
06	4/6/13	1.380		5/6/13	0.488		6/6/13	
07	4/7/13	1.371		5/7/13	0.492		6/7/13	
08	4/8/13	1.377		5/8/13	0.480		6/8/13	
09	4/9/13	1.958		5/9/13	0.466		6/9/13	
10	4/10/13	1.322		5/10/13	2.110		6/10/13	
11	4/11/13	0.889		5/11/13	15.861		6/11/13	
12	4/12/13	0.796		5/12/13	37.535		6/12/13	
13	4/13/13	0.789		5/13/13	38.709		6/13/13	
14	4/14/13	0.782		5/14/13	6.481		6/14/13	
15	4/15/13	0.760		5/15/13	2.401		6/15/13	
16	4/16/13	0.785		5/16/13	1.243		6/16/13	
17	4/17/13	0.783		5/17/13	0.500		6/17/13	
18	4/18/13	0.726		5/18/13	0.538		6/18/13	
19	4/19/13	0.664		5/19/13	0.507		6/19/13	
20	4/20/13	0.600		5/20/13	0.487		6/20/13	
21	4/21/13	0.583		5/21/13	0.506		6/21/13	
22	4/22/13	0.602		5/22/13	0.403		6/22/13	
23	4/23/13	0.592		5/23/13	0.482		6/23/13	
24	4/24/13	0.645		5/24/13	0.437		6/24/13	
25	4/25/13	0.707		5/25/13	0.457		6/25/13	
26	4/26/13	0.661		5/26/13	0.447		6/26/13	
27	4/27/13	0.688		5/27/13	0.474		6/27/13	
28	4/28/13	0.638		5/28/13	0.783		6/28/13	
29	4/29/13	0.668		5/29/13	0.696		6/29/13	
30	4/30/13	0.749		5/30/13	0.529		6/30/13	
31				5/31/13	0.644			

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT _____ DATE _____

Attachment 3

JOHNSON UTILITIES, L.L.C.

5230 East Shea Boulevard, Suite 200 * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

June 20, 2013

Gregory Frech
Water Quality Utility Field Service Unit
Arizona Department of Environmental Quality
1110 W Washington St., MC: 5415B-1
Phoenix, AZ 85007

Re: Notice of Violation, Case ID #: 1140757

Dear Mr. Frech:

Johnson Utilities, L.L.C. (JU) is responding to the Arizona Department of Environmental Quality's (ADEQ) Notice of Violation (NOV), Case ID #:140757, dated May 30, 2013. The NOV alleges failure to comply with A.A.C. R18-11-303(B)(1)(a) and (b). Section II, Documenting Compliance, Item 2 requires a response by September 28, 2013, within 120 calendar days of receipt of the NOV. JU received the NOV via email on Friday, May 31, 2013. A response to Item 1 was emailed to you on June 5, 2013. Our response to Item 2 is provided below.


2. Within 120 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation that the reclaimed water from the Johnson Utilities San Tan WRP meets A+ Standards prior to delivering reclaimed water to San Tan Heights HOA or Johnson Ranch Golf Course.

Date Due: September 28, 2013.

Response: In our response to Item 1 JU provided a copy of San Tan WRP's 2nd quarter SMRF pages for maximum turbidity and daily average turbidity. The data demonstrates that the plant has returned to normal operation and that Class A+ reclaimed water is currently being delivered to the Johnson Ranch Golf Course and the onsite recharge facility. The San Tan Heights HOA irrigation storage pond remains under repair. No reclaimed water is being delivered to the San Tan Heights HOA irrigation storage pond at this time. JU will provide only Class A+ water to the San Tan Heights HOA after the repairs to the pond are completed.

If you have any questions or comments, please contact me at (480) 998-3300.

Sincerely,



Gregory H. Brown, P.E.
Director of Engineering